

## Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

IO-14 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 PA-04 PRS-01 USIA-15 ABF-01

DRC-01 /199 W

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R 201437Z NOV 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8947

INFO AMEMBASSY BERN

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

LIMITED OFFICIAL USE PRETORIA 4259

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SOUTH AFRICAN GOLD AND FOREIGN EXCHANGE RESERVES FOR  
WEEK ENDING NOVEMBER 9, 1973

REF: PRETORIA 4124

1. SOUTH AFRICAN RESERVE BANK HOLDINGS FOR WEEK ENDING  
NOVEMBER 9, 1973, AS FOLLOWS (IN MILLION RAND):

GOLD	569.8 (DOWN 1.5)
FOREIGN EXCHANGE	459.5 (DOWN 33.8)
TOTAL	1,029.3 (DOWN 35.3)

2. LOCAL REACTION TO ABOLITION TWO-TIER GOLD SYSTEM HAS BEEN  
NERVOUS BUT NOT PANICKY. SHARES FELL AS DID GOLD PRICES ON  
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NOVEMBER 14 MORNING AFTER ANNOUNCEMENT BUT SUBSEQUENTLY FIRMED.

IN PUBLIC STATEMENTS, SA OFFICIALS HAVE EXPRESSED CONFIDENCE THAT PRICE OF GOLD WILL REMAIN HIGH AND NOTED THAT THERE NO (REPEAT NO) INDICATION THAT MONETARY AUTHORITIES WOULD ACTUALLY SELL ON FREE MARKET. THEY QUESTIONED US ASSERTION OF APPLICABILITY IMF ARTICLE IV PROHIBITING OFFICIAL PURCHASES AT CURRENT MARKET LEVELS, SUGGESTING THAT CENTRAL BANKS WOULD SOON HAVE AUTHORIZATION TO BUY AS WELL AS SELL IN MARKET. FINALLY, THEY NOTED THAT DECISION TO DISBAND TWO-TIER SYSTEM WAS GROUNDS FOR REVIEWING 1969 AGREEMENT WITH IMF AND RELIEVING SAG OF ITS OBLIGATION TO SELL NEWLY MINED GOLD ON FREE MARKET TO MEET ITS BALANCE OF PAYMENTS DEFICITS. IN THIS, SAG SPOKESMAN THUS NOT ONLY REITERATING STANDARD SA POSITIONS BUT ALSO ASSERTING A POSSIBLE SUPPLY CONTROL ROLE IN MARKET TO REASSURE BOTH DOMESTIC AND FOREIGN INVESTORS.

3. ACCORDING TO NOVEMBER 15 JOHANNESBURG STAR, DECLINE IN FOREIGN EXCHANGE RESERVES NOTED IN PARA 1 ABOVE ASSOCIATED IN PART WITH ADJUSTMENT OF RAND EQUIVALENT OF FOREIGN EXCHANGE HOLDINGS DUE TO APPRECIATION OF DOLLAR (TO WHICH RAND LINKED) AGAINST OTHER CURRENCIES. DURING WEEK ENDING NOVEMBER 17, RAND RATE CONTINUED CLIMB, APPRECIATING 1.6 PERCENT AGAINST MARK AND YEN, 1.5 PERCENT AGAINST FRENCH FRANC, AND 1.4 PERCENT AGAINST STERLING.  
HURD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TWO TIER SYSTEM (GOLD), FOREIGN EXCHANGE HOLDINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973PRETOR04259  
**Document Source:** CORE  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** PRETORIA  
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**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Authority:** garlanwa  
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**Review Content Flags:**  
**Review Date:** 11 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
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30 JUN 2005

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**Status:** NATIVE  
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**TAGS:** EFIN, SF  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005